

QC Management, Inc. Goes On Defense

When Mr. Quynh Ngo, President, CEO and Founder of QC Management, Inc. (QCMI) escaped in a small fishing boat from Communist-controlled Vietnam, he was 13 years old. Personal survival and making his way to America were his only goals. After Ngo and his family were saved by an Indonesian freighter, he spent six months in an Indonesian refugee camp, before being granted political asylum in the United States.

Upon arrival in the United States the Ngo family settled in Gainesville, Florida. Quynh Ngo knew that being a General Contractor was his chosen profession, but was uncertain on how he would meet this goal. Working pizza parlors at night, working construction jobs during the summer, and attending college during the day was the route taken to obtain his educational background in construction.

Ten years after arriving in the United States Ngo was working full time in construction, hoping to achieve the American dream of owning his own business and having financial success. Ngo would spend another 10 years obtaining job experience before starting his own part time business.

Ngo was a bank employee overseeing construction loans by day and remodeling homes as a small contractor by night, when he learned of the Small Business Administration's (SBA) 8(a) Program for federal procurement assistance. Upon studying the criteria it was obvious to Ngo that applying for certification to be an 8(a) contractor was going to be his greatest opportunity to build a large construction company. While completing his two years of corporate history, as required by the SBA, Ngo studied about contracting opportunities under federal agencies and the Department of Defense. His conclusion was that his ambition of putting QCMI on a fast track for growth would need three major ingredients that were essential. These necessities consisted of cash, bonding capacity, and experienced personnel.

QCMI had 3 ½ years of experience performing small public and private sector projects when they received their letter of 8(a) Certification for the SBA. QCMI, by this time, was developing design-build capabilities and self performing their own concrete and carpentry work. Ngo also realized that the combination of having C.P.A.'s keeping accurate financial statements and preparing tax returns for three years allowed bonding companies to make a quick analysis of QCMI's potential. All of the apparent ingredients were in place for Ngo to have growth except for the major ingredient – Cash! To move to the next level, from a two million dollar a year company to a 10 million dollar a year company, he would have to obtain working capital. Ngo had to risk his only asset of value beside QCMI. Having applied hundreds of hours of sweat equity in his home, Ngo borrowed all of his equity, almost \$200,000 and loaned it all to QCMI. Cashing in his 401K would provide the expense money to pay household and personnel expenses for one year. At this point everything was on the line.

With bonding and 8(a) Certification, Ngo hoped to obtain contracts with the Department of Defense. Advice from the SBA was to build a resume highlighting QCMI's staff's previous experience in design-build of Navy contracts. Ngo approached the Naval Facilities Engineering Command for an opportunity to work on the Navy bases. At first the Navy issued QCMI a few small (\$100,000 to \$300,000) design-build projects which were successfully completed. Ngo had hoped that an illustration of QCMI's capabilities would lead to larger projects.

After four years of QCMI being incorporated and Ngo having every penny he owned invested, the effort paid off. The U.S. Navy chose QCMI to "Fast-Track Design-Build" the physical security of all major installations owned by the U.S. Navy in Northeast Florida. This challenging effort resulted in QCMI design-building the physical security of two major naval bases, a remote airfield, a weapons compound, a major active airfield, 14 hangars, and off-base commissary exchange, and small compounds within the bases. This 18-month project consisted of many unique challenges, including installation of 23 miles of security fencing, 10 miles of intrusion detection systems, construction of bullet-proof machine gun towers, and airfield security towers. Total value of all projects was \$8,250,000.

As a result of the high rated performances of these Navy projects, QCMI has received small contracts from the GSA and the U.S. Coast Guard to do similar work. At the same time QCMI is being considered for projects with the U.S. Army Corps of Engineers and other federal agencies. QCMI's future goal is to grow to the maximum revenue of 28.5 million dollars a year allowed by the SBA small business program.

Mr. Ngo has enjoyed one great side benefit to the success of QCMI. The ability to include his family members in the business has been a great personal bonus. Quynh's sister, Thu, is the Comptroller and was the first employee of the company. Thu's husband, Jason, was the third hired and is the company's Quality Control Manager. As the business grew Quynh's brother, Anh, and his wife, Kathleen, joined in the business as Project Managers, making it a family affair.

Mr. Ngo is grateful for the advantages provided to him through the SBA's 8(a) Program. His advice to new 8(a)'s is to remember that "the first and every subsequent contract opportunity provided to an 8(a) participant is going to be the score card that determines your next opportunity. The evaluation of your most recent projects will be the best indicator of your ability to grow within the 8(a) program."

The SBA's new and improved 8(a) Program has become an essential program for helping socially and economically disadvantaged entrepreneurs gain access to the economic mainstream of American society. SBA has helped thousands of aspiring entrepreneurs over the years to gain a foothold in government contracting. Participation is divided into two phases over nine years: a four-year developmental stage and a five-year transition stage. In Fiscal Year 2003, more than 7,500 firms participated in the 8(a) Program and were awarded over \$10 billion in Federal contracts. For more information on the 8(a) Program, please visit <http://www.sba.gov/businessop/programs/8a.html> or contact the SBA North Florida District office at (904) 443-1900.

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